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ABSTRACT

The State University of New York (SUNY) consists of 29 State-operated campuses. Campuses of the SUNY system each operate and manage their own telephone systems. Campuses may own or lease their own telephone system called a private branch exchange (PBX). A PBX makes a campus a miniature telephone company with the ability to add and delete telephone stations, select calling options, and account for calls. The telecommunications departments on SUNY campuses are responsible for monitoring system use and seeking monetary recoveries from faculty, staff, administrators, and students for all private use. The State Comptroller audited the internal controls that SUNY System Administration and the campuses maintain over the campus PBX systems for the period April 1, 1993 through August 31, 1995. Visits were made to eight campuses. It was found that some campuses lack adequate formal telephone policies, that appropriate restrictions were not in place limiting international calls, and that follow-up was lacking in pursuit of reimbursement for private use. Also included in this report is the response of SUNY System Administration which disagrees with the audit report's thrust, that System Administration should have more involvement in campus telephone systems. (JLS)

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State of New York
Office of the State Comptroller

Division of Management Audit

Report 95-S-59

Dr. John W. Ryan
Interim Chancellor
State University of New York
State University Plaza
Albany, NY 12246

Dear Dr. Ryan:

The following is our report on controls over telephone systems at selected State University of New York campuses.

This audit was performed pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law. Major contributors to this report are listed in Appendix A.

Office of the State Comptroller
Division of Management Audit

October 7, 1996

In an effort to reduce the costs of printing, if you wish your name to be deleted from our mailing list or if your address has changed, contact Raymond W. Cecot at (518) 474-3271 or at the Office of the State Comptroller, Alfred E. Smith State Office Building, 13th Floor, Albany, NY 12236.

Executive Summary

State University of New York Controls Over Telephone Systems at Selected Campuses

Scope of Audit

The State University of New York (SUNY) consists of 29 State-operated campuses, five State-funded colleges at Cornell and Alfred, and a System Administration. System Administration provides direction and leadership for the SUNY system. Each campus manages all aspects of campus operations.

Each campus operates and manages its own telephone system. A campus may own a private branch exchange (PBX) or lease a system from a public telephone company. Currently, 22 campuses own a PBX. A PBX makes the campus a miniature telephone company with the ability to add and delete telephone stations, select calling options and account for calls. The telecommunications departments on the campuses supply telephone services for the campuses, and are responsible for monitoring system use and seeking monetary recoveries, where appropriate, for personal and non-State calls. The State Comptroller's accounting records show that SUNY spends about $20 million annually on campus-wide telephone costs.

Our audit addressed the following questions relating to controls over PBX systems at selected campuses:

- Has SUNY established adequate controls over access and use of the PBX systems?

- Are reasonable efforts made to recover costs for personal and non-State telephone usage?

Audit Observations and Conclusions

We visited the telecommunications departments of 8 of the 22 SUNY campuses that own PBX systems to determine the extent to which the campuses have implemented an internal control system over their PBX systems. We found there are varying degrees of control in place among the campuses visited. Many of the campuses we visited do not have adequate internal controls in place, and each needs to improve its collection efforts relating to personal and non-State calls.

For example, four campuses do not have an adequate inventory of telephone extensions, and five campuses do not monitor telephone use records on a periodic basis to detect patterns of abuse. Four campuses

do not limit access to their PBX systems from outside lines to prevent unauthorized access. During a three-month period, one campus was billed $875 for 1,109 calls for which the campus could not identify the source. Some campuses do not block toll calls made to certain area codes, even though such calls are a potential source of abuse. Our report contains additional examples of the need to improve controls over the PBX systems. In addition, the report contains an exhibit summarizing the status of controls for each of the eight campuses visited. (see pp. 3-6 and Exhibit A)

Seven of the eight campuses we visited have a system for identifying non-State and personal calls. However, these systems vary in their effectiveness. Some campuses use specific control codes to identify personal calls; other campuses rely on the honor system to identify personal calls. The eighth campus has no system to identify personal or non-State calls and makes no effort to recover the cost of these calls. We found that in most cases the telecommunications departments are doing their part in providing the billing information to each department and administrative entity; however, some campuses choose not to enforce collection. We found that whether or not a campus seeks reimbursement for personal phone calls depends on the attitude of its upper management. One campus provided us with documentation to support payment of 526 of the 528 calls that we identified as personal in nature. However, these calls were not paid for until after we sent our request for an explanation of the calls. One individual made 24 calls to China during the three-month review period. These were personal calls that the individual had not paid for prior to our audit. After our visit to the campus, the individual submitted a check for $1,100 to cover the cost of his calls. (see pp. 6-9)

We believe there is a need for more involvement by System Administration in ensuring campuses have adequate safeguards over their telephone systems. Our report includes recommendations to improve controls over campus telephone systems, including the collection of payments for personal and non-State calls.

Response of SUNY Officials to Audit

SUNY officials at certain campuses concur with our recommendations and are taking steps to implement them. Officials at other campuses believe their current control systems are adequate. SUNY System Administration officials state that it is the responsibility of each campus to establish adequate controls.

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Introduction

Background

The State University of New York (SUNY) consists of 29 State-operated campuses, five State-funded colleges at Cornell and Alfred, and a System Administration. A 16-member Board of Trustees sets SUNY policy, and System Administration provides direction and leadership for the SUNY system. Each campus manages all aspects of campus operations.

Campuses of the SUNY system each operate and manage their own telephone systems. Campuses may own their own telephone system, called a private branch exchange (PBX), or lease a system from a public telephone company. Currently, 22 campuses own PBXs. A PBX makes the campus a miniature telephone company with the ability to add and delete telephone stations, select calling options and account for calls.

The telecommunications departments on SUNY campuses supply telephone services for the campuses, and are responsible for monitoring system use and seeking monetary recoveries from faculty, staff, students and administrators, as appropriate, for personal calls. The telephone system is also used by non-State entities on campus, such as the Research Foundation. The telecommunications departments are responsible for recovering the cost of all services provided to such entities.

The State Comptroller's accounting records show that SUNY spends about $20 million annually on campus-wide telephone costs. These costs include system costs, personnel costs and telephone usage costs. Five of the eight campuses we visited during our audit spent about $475,000 on long distance telephone calls during a three-month period.

Audit Scope, Objectives and Methodology

We audited the internal controls that SUNY System Administration and the campuses maintain over the campus PBX systems for the period April 1, 1993 through August 31, 1995. The objectives of our performance audit were to determine whether SUNY has established adequate controls over access and use of the PBX systems and to determine whether reasonable efforts are being made to recover costs for personal and non-State phone usage. To accomplish these objectives, we visited the telecommunications departments at eight campuses: Albany, Brooklyn, Cobleskill, New Paltz, Plattsburgh, Purchase, Stony Brook and Utica. At each location we reviewed control procedures, interviewed management staff, and examined and tested relevant transactions and records. Our audit did not include a review of student billings.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of SUNY which are included within our audit scope. Further, these standards require that we understand SUNY's internal control structure and its compliance with those laws, rules and regulations that are relevant to SUNY's operations which are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions, and recommendations.

We use a risk-based approach to select activities to be audited. This approach focuses our audit efforts on those operations that have been identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little audit effort is devoted to reviewing operations that may be relatively efficient and effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

Response of SUNY Officials to Audit

A draft copy of this report was provided to SUNY officials for their review and comment. Their comments have been considered in preparing this report and are included as Appendix B.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Chancellor of the State University of New York shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Controls Over Telephone Systems

An effective system of internal control provides reasonable assurance that all assets are safeguarded against waste, loss, unauthorized use and misappropriation. Division of the Budget (DOB) guidelines require that State-furnished telephone equipment and services be used solely for the performance of official State business, except in an emergency. In addition, Volume XI, Section 7.0300 of the New York State Accounting System User Procedure Manual requires that agencies collect the amount of all toll charges for all personal long distance telephone calls. We found that many of the campuses we visited have weak internal controls and that reimbursement is not made for many of the personal calls.

Adequacy of Internal Controls

SUNY System Administration and the campuses are responsible for designing and implementing adequate controls over their telecommunications systems to ensure compliance with State regulations governing telephone use and to ensure there is no unauthorized use of the systems. These controls should include:

- Establishing documented policies and procedures which instruct staff members concerning management's requirements, and provide management with a framework to formally assess internal controls;

- Maintaining adequate telephone extension inventory records to ensure that all calls can be accounted for and that the campus is not paying for equipment that it does not own;

- Monitoring telephone activity for misuse or fraud, including limiting or blocking calls to high risk area codes, such as the 809 area code (Caribbean), as statistics show that 50 percent of all toll call fraud is associated with calls to the Caribbean;

- Limiting access from outside lines, to reduce the risk that outsiders could fraudulently engage campus systems or that employees could use the systems for unauthorized toll calls; and

- Ensuring that payment is received for all non-State and personal calls.

We visited eight campus telecommunications departments to determine the extent to which campuses have implemented an internal control system. At these campuses we determined if internal controls were adequate to

ensure that the administration and academic departments collect the charges for personal long distance calls, as well as telephone charges incurred by non-State users of the phone system. We found there are varying degrees of control in place among the campuses visited. We are particularly concerned with the weak controls over outside access to the PBX systems and the level of collections made for non-State and personal calls. (Exhibit A summarizes the status of controls for each of the eight campuses we visited.)

Some observations made at the eight campuses include:

- Three campuses have not established adequate written policies and procedures governing telephone use. In responding to our audit report, two campuses, New Paltz and Utica, disagree and state they have written procedures. However, these procedures are not adequate as they are only brief statements regarding personal and business calls and do not address issues such as instructions for reimbursement of calls, processing of payments and responsibility for telephone equipment. We found that two other campuses do not periodically distribute their procedures to all phone users. Without adequate written policies and procedures and proper distribution of such, employees may not be aware of their responsibility to pay for personal phone use.

- Four campuses do not have an adequate inventory of telephone extensions. The campuses at Utica, Purchase, Stony Brook and Brooklyn, state they have inventories of extensions. However, we found that none of these campuses had performed verifications to determine if the records were reliable. For example, Brooklyn began an inventory in January 1995, but many of the departments have not verified their inventory records. In addition, at Brooklyn, we found calls were charged to extensions which were not on inventory records.

- Five campuses do not periodically monitor telephone use records for patterns of abuse and excessive calls. In responding to our audit report, two campuses, Purchase and Albany, agree with this observation; two campuses, Utica and Cobleskill, disagree, and the fifth campus, New Paltz, does not address the issue. The two campuses that disagree state that their monitoring consists of sending monthly statements to departments to determine if there are any inappropriate calls. However, this approach is not sufficient as it does not provide a means for identifying unusual calling patterns. For example, telecommunications experts suggest using specific criteria to monitor phone use such as

identifying long duration, weekend, late-night and 809 area code calls. Other SUNY campuses are using these criteria to produce reports for use in monitoring telephone use.

- Five campuses do not block calls to the "high-risk" 809 area code, and one of these campuses has no restrictions over calls to 900 area codes. We found three calls made to 900 numbers that a campus paid for, including one to a CHAT line. Three of these campuses, New Paltz, Purchase and Utica agree. The campus at Stony Brook states that it has compensating controls and the campus at Albany states that blocking calls is not warranted. Telephone experts suggest blocking calls to high risk area codes as a great deal of telephone fraud involves these codes. This type of control is much more effective as it prevents problems from occurring rather than identifying problems only after they have occurred.

- Some campuses have assigned personal identification numbers to each faculty and staff. This establishes accountability for long distance calls. Other campuses allow open access to the faculty and staff phones. These campuses have decided that convenience and easy accessibility outweigh the risks of not using personal identification numbers.

- Four campuses do not limit access to their PBX systems from outside lines. Two of these campuses, Cobleskill and Purchase state they have adequate restrictions. The campus at Albany states that this level of restriction is not necessary and the campus at Brooklyn does not address the issue. All of these campuses allow their telephone vendor access to their system via a switch which is left open 24 hours a day. We believe that keeping this switch open creates an unnecessary risk as it is possible to gain access through this switch. Other campuses, such as Plattsburgh, keep the switch closed unless they determine that the vendor needs access. They believe that keeping the switch open creates a weak link in their system.

  Without adequately safeguarding the remote access units, there is increased risk that someone can gain unauthorized access to the telephone system. For example, during the three-month period we examined, we found that one campus was billed $875 for 1,109 calls for which the campus could not identify the source.

- One campus that allows collect calls is unable to identify their purpose, be it business, personal or non-State related. For

example, the campus accepted and paid for four calls from the 809 area code. Officials could not identify who accepted the calls, as the extension was in a public area.

- One campus has not collected for telephone usage from non-State and personal calls. Other campuses have collected for only a portion of these types of calls.

These conditions indicate that, to varying degrees, the campuses have not established adequate internal controls over their telephone systems. We believe the weaknesses that we identified may exist at other SUNY campuses as well. Furthermore, we believe that the inconsistencies in the levels of control exist in part because SUNY System Administration has not provided necessary direction to the campuses.

SUNY System Administration is viewed as a control point in the SUNY system, providing oversight and a wide range of functions. In its oversight capacity, SUNY System Administration offers guidance and assistance to various campus-based offices with similar functions. SUNY has developed a number of detailed procedures to assist the campuses in performing the various functions. However, we found that SUNY System Administration, in contrast to other operations, has not established any guidelines, policies or procedures to assist campuses in the administration of their telephone systems. Each campus has established its own control system and is responsible for monitoring telephone activity. In comparison, the Office of General Services (OGS), which is responsible for telecommunications in most State agencies, monitors telephone activity for State agencies on a daily basis.

Personal Phone Usage

Agencies are responsible for collecting payment for all non-State and personal calls. Seven of the eight campuses we visited have a system for identifying non-State and personal calls. However, these systems vary, as some campuses utilize specific control codes to identify personal calls; other campuses rely on the honor system to identify personal calls. The eighth campus has no system to identify personal or non-State calls and makes no effort to collect payment for these calls.

Whether or not a campus seeks reimbursement for personal telephone calls depends on the attitude of its upper management. We found that in most cases the telecommunications departments are doing their part in providing the billing information to each department and administrative entity. However, some campuses are not enforcing the New York State Accounting System User Procedure Manual requirement to collect for all personal long distance telephone calls. This, coupled with SUNY System

Administration's lack of oversight and guidance on payment for personal calls by faculty and staff, increases the chance that the State is paying for non-State and personal calls. In responding to our audit report, the campuses stated that they are making reasonable efforts to pursue collection for personal calls and that they will reinforce the reimbursement requirement with employees. However, we believe that the campuses can do more than just reinforce current requirements. Improving controls and monitoring of phone use should result in a reduction of improper phone calls and an increase in collections for personal phone use.

As part of our review, we obtained detailed calling records for a three-month period from five of the campuses we visited. During this three-month period these campuses made 560,708 long distance phone calls at a cost of $476,123. Using criteria published by the Institute of Internal Auditors and through discussions with telecommunication specialists, we reviewed the types of calls made from each extension. Based upon the types of calls made, we selected a judgmental sample of extensions for each campus. Following are the criteria we used when selecting extensions for review: the total number of long distance calls made from each extension during the three-month period; international, late-night, weekend and long duration (over 30 minutes) calls; and calls to the 809 area code. The calls made from each of the extensions chosen for our review met at least one of our criteria. In total, we selected 5,705 (one percent of total) long distance calls which cost $13,620 (three percent of total). Although many other calls met our criteria, we were unable to review additional extensions because of the large volume of calls. Of the calls reviewed, $2,512 (18 percent of sample) was identified as personal calls by the campuses. Prior to our audit only $700 had been collected for these calls. An additional $2,153, including amounts collected for calls not included in our sample, was collected during the audit.

Some of the results of our review of the phone calls made from specific extensions on each of the audited campuses are as follows:

- Some of the campuses could not produce documentation to support that the calls, which they identified as personal in nature, had ever been paid for.

- One campus provided us with documentation to support payment of 526 of the 528 calls that had been identified as personal as a result of our audit sample. These were telephone calls that were made in October, November and December 1994. However, these calls were not paid for until after we sent our request, in

May 1995, for an explanation of the calls. In fact, one of the receipts contained the words "audit response."

- One individual made 24 calls to two different numbers in China over the three-month review period. These were personal calls that the individual had not paid for prior to our audit. After our visit to the campus, the individual submitted a check for $1,100 to cover the cost of his calls.

- At another campus it appears that some of the calls identified as State business may have been personal in nature. For example, one individual made 42 calls to a number in Goshen, New York, over the three-month period we reviewed. This individual identified the calls as State-related business calls, but did not provide any further details. We found, using the phone number identifier software that the College telecommunications department owns, that the number belongs to the individual's former employer. It appears that these are personal calls that should be reimbursed by the individual.

- One campus requires employees to dial a special code before they make any personal calls. According to campus officials, they assume that there are no other personal calls made other than those identified by the special code. However, we found that a number of calls made from the extensions we selected were on weekends, holidays and late at night. An example of this is the phone extension in the Family Medical Conference room, from which calls were made to the same number in Texas 3 times, Connecticut 15 times, and Puerto Rico 15 times, either late at night or early morning, weekends, and Christmas Day. It is highly unlikely that these calls were for hospital business. Campus officials stated that phone use from this extension is now restricted during non-business hours and employees have been reminded that the State must be reimbursed for any personal calls.

Recommendations

1. Ensure that the campuses correct the control weaknesses detailed in the body of the report and summarized in Exhibit A.

2. Ensure that the campuses pursue collection of personal calls identified during the audit.

3. Consider developing and issuing directives for campuses to follow in establishing adequate safeguards over their telephone systems.

   SUNY officials disagree with this recommendation. They state that as a result of their recent initiative entitled "Rethinking SUNY" they are less controlling of campus financial operations and the campuses are empowered to directly manage their financial affairs. They also state that the guidelines developed by the Division of Budget are sufficient.

   This response is inconsistent with recent actions taken by SUNY System Administration. For example, in responding to an audit in April 1996, SUNY officials stated that they would prepare an internal control bulletin to be submitted to all campuses advising them on advance account funding. Therefore, SUNY System Administration continues to provide assistance through the use of directives. Our audit recommendation does not require that SUNY exercise more direct control over campus operations. Rather, we ask SUNY to consider providing direction to campuses who have not established adequate safeguards.

SUNY TELEPHONE SYSTEMS
SUMMARY OF INTERNAL CONTROLS AT SELECTED CAMPUSES

Campus Location	Written Procedures	Inventory of Extensions	Use of Monitoring Reports	Blocking Area Codes	Use of PIN Numbers	Security Over Access	Collecting Non-State Costs
Albany	GOOD	GOOD	WEAK	NO	NO	WEAK	SOME
Brooklyn	GOOD	WEAK	GOOD	YES	NO	WEAK	SOME
Cobleskill	GOOD	GOOD	WEAK	YES	YES	WEAK	SOME
New Paltz	NONE	GOOD	WEAK	NO	SOME	GOOD	SOME
Plattsburgh	GOOD	GOOD	GOOD	YES	YES	GOOD	SOME
Purchase	NONE	WEAK	WEAK	NO	SOME	WEAK	SOME
Stony Brook	GOOD	WEAK	GOOD	NO	SOME	GOOD	SOME
Utica	NONE	WEAK	NONE	NO	NO	GOOD	NONE

Exhibit A

Major Contributors to This Report

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ROBERT H. ATTMORE
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May 23, 1996

Mr. Robert H. Attmore
Deputy Comptroller
Office of the State Comptroller
The State Office Building
Albany, New York 12236

Dear Bob:

In accordance with Section 170 of the Executive Law, we are enclosing the comments of State University of New York regarding the draft audit report on Controls Over Telephone Systems at Selected Campuses, State University of New York (95-S-59).

Sincerely,

William H. Anslow
Senior Vice Chancellor
for Finance and Management

Enclosure

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State University of New York
Controls Over Telephone Systems
at Selected Campuses
95-S-59

SUNY System Administration

Our comments regarding the specific recommendations are as follows:

(OSC) 1. Ensure that the campuses correct the control weaknesses detailed in the body of the report and summarized in Exhibit A.

(OSC) 2. Ensure that the campuses pursue collection of personal calls identified during the audit.

(SUNY) 1,2. The draft report has been shared with the campuses and their responses are included in this response.

OSC) 3. Consider developing and issuing directives for campuses to follow in establishing adequate safeguards over their telephone systems.

(SUNY) 3. We have considered the recommendation and we do not see a necessity to develop and issue such directives.

We note that on page 3 of the draft report, the following statement is made:

(OSC) Division of the Budget (DOB) guidelines require that State-furnished telephone equipment and services be used solely for the performance of official State business, except in an emergency. In addition, Volume XI, Section 7.0300 of the New York State Accounting System User Procedure Manual requires that agencies collect the amount of all toll charges for all personal long distance telephone calls. We found that many of the campuses we visited have weak internal controls and that reimbursement is not made for many of the personal calls.

Thus, the report clearly states there are guidelines already in place but there were instances where compliance with the guidelines could be improved.

SUNY System Administration is in the process of restructuring and downsizing and will become smaller and more efficient. In response to the Legislative charge to State University of New York (Chapter 82, Laws of 1995), the Board of Trustees issued *Rethinking SUNY*, on December 1, 1995. *Rethinking SUNY* calls for "a more focused system office which is more responsible for policy and monitoring educational results than for processing and which is less controlling of campus

operations". The Preface of the report states: "Underlying *Rethinking SUNY* is the theme of increasing efficiency by empowering campuses to directly manage more of their academic and financial affairs...".

Given the direction called for in *"Rethinking SUNY"*, and the fact that procedures are already in place, we disagree with the thrust of the report, namely that System Administration should have more involvement in campus telephone systems.

Specific Campus Responses

State University of New York Institute of Technology at Utica/Rome Comments

During the audit period April 1, 1993 - August 31, 1995, the responsibility for campus telecommunications was reassigned from the Information Services Department to the Facilities Department. The Summary of Internal Controls (Exhibit A) reflects the performance of the campus in each area prior to the reassignment in May of 1994. Since that time, these areas have been strengthened. The following are specific responses to each of the areas in the Summary of Internal Controls and the auditors' three recommendations.

Written Procedures

A written policy was promulgated by the Vice President for Administration on January 19, 1995 as Campus Bulletin 95-1, which reaffirmed that campus telephones are for University business. Also, a statement was included in each monthly bill sent to campus unit heads which further clarified the responsibility for employees to reimburse the Institute within one month for any personal telephone calls.

Inventory of Extensions

When the reassignment of campus telecommunications responsibility was made in May 1994, a complete inventory of the campus telecommunications equipment was conducted. Since then an inventory of telephone extensions and associated equipment has been maintained in a database and is updated whenever changes occur. This database is in agreement with the PBX records and is the basis for the campus telephone equipment recharges and charges to non-state users.

Use of Monitoring Reports

The Campus purchased new software in June of 1994 which enabled the accurate costing of all telephone calls originating from the Campus. On July 1, 1994, Facilities reestablished the procedure of distributing monthly telephone statements to the campus unit head for review and appropriate action. The Telecommunications Specialist audits all of the call records for compliance with established procedures prior to preparing billing statements and initiates appropriate actions when

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necessary.

Blocking Area codes

Since June 1, 1995, the PBX blocks all 900 and certain 800 calls which revert to 900 calls. Constant surveillance has been maintained to block new 800 numbers which revert to 900 numbers. Also, all international calling was blocked. International calling is now permitted only upon approval by the appropriate Dean, Director, or Vice President and then must be used with a PIN to identify the caller.

Use of Pin Numbers

Since June 1, 1995, PIN numbers are routinely used for international calling access and by student workers with access to campus telephones. Unit heads have been notified that PIN numbers are available for their use and some unit heads have elected to assign PIN numbers to employees to aid in controlling telephone usage where there are multiple users of the same extension.

Security Over Access

No Response.

Collecting Non-State costs

In accordance with the New York State Accounting Systems User Procedures Manual, the Utica/Rome campus policy states that State furnished "telecommunications equipment and services are for University business use only." Pay telephones are provided for employee use. Personal cellular phones and personal calling cards are permitted. In all known cases of telephone abuse and personal emergency calling, restitution is actively pursued.

Since the reestablishment of the monthly telephone statements in July 1994, all non-state entities are charged for usage, equipment costs, and a basic service charge.

Recommendations:

1. Utica/Rome will continue to strengthen its controls in each of the areas summarized in Exhibit A.

2. Utica/Rome will continue to monitor and collect for personal telephone calls in accordance with the State Accounting system User Procedure Manual, Vol. XI, Section 7.0300.

3. Utica/Rome has made great strides since May 1994 in controlling the use and the costs associated with the telecommunications system. Surveillance will be maintained and additional controls will be developed as required.

State University College of Agriculture and Technology at Cobleskill Comments

We were mentioned in the summary page of internal controls at selected campuses. According to our Telecommunications Manager, we do use monitoring reports to track personal calls for administration and academic departments. The Telco Office sends monthly details of calls to supervisors and asks that they review the listings for patterns which might be personal. We have questioned faculty members and have made collections from this monitoring.

We were also classified as "weak" in the area of security over access. Again, our Telco Office feels that they do limit access to our PBX from off campus. Our office feels that it is very unlikely that outsiders could gain access to our PBX system in the way we are configured.

SUNY College at Purchase Comments

Written Procedures

We agree with the findings. The College realizes the importance of written policies and procedures and is currently preparing documentation.

Inventory of Extensions

The Telecommunication Department maintains two databases for inventory of telephone extensions. The Inventory database consist of detailed information on each station (extension) such as type of line, port number, pair number, division/department extension is assigned to, user's name, access level, building and room number and other minor relevant information. The billing database tabulates calls, duration of calls, amount and number called by extension and the division/department the extension is assigned to. The two databases can be crossed-referenced thus providing the ability to identify each extension, location, user and the calls made off-campus by extension. However, the weakness may be due to the fact some extensions are shared and a Personal Authorization Code (PAC) is not utilized or requested. Also, user names are not always provided in a timely fashion to Telecommunications by the department to update the files. This does not prevent identification of calls made from any extension.

Use of Monitoring Reports

Use of Monitoring Reports - The billing database generates monthly utilization reports. The College docs not monitor/screen any calls: the division/department is responsible for all calls made from their assigned extensions. The campus relies on the "honor system" for collection of non-business/personal calls. The Telecommunication Office does limited monitoring but does not pass judgement on any call and leaves that decision to the department. The Office has a staff of four including a technician for installations and repairs. The implementation of a monitoring system would require additional staff.

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Blocking Area Codes

Blocking Area Codes- The College has established access levels, as noted in previous correspondence. These access levels are area code restrictions. Access to the 900 area code is blocked system wide. There are 1117 extensions for division/department use on campus; of this 277 or 25% have access to the 809 area code. The access level of an extension is authorized by the division/department head. Third party and collect calls are not allowed or accepted by the College.

Use of PIN Numbers

Use of PIN Numbers - Some offices where phone lines are shared by multi-users employ the PIN access. We encourage departments to use PINs for tracking personal use but this decision rests with the division/department head. Personal judgement is an important factor even when a user has a separate PIN code for business and personal calls, ultimately, reverting back to a modified "honor system".

Security Over Access

Security Over Access - We interpret this to mean access to the PBX switch by external dial-in or on campus access. The only source with remote dial capability to our switch is the Telecommunication maintenance contractor. There are three (3) campus personnel who have access but must be on campus to do so. Access is granted after passwords have been matched. We have had no violation in the past seven years.

Collecting Non-State Cost

Collecting Non-State Cost - The campus relies on the "honor system" for collection of personal calls. The caller must identify personal usage from the monthly extension billing.

While we understand the significance of the weaknesses sighted, it is not clear to us how some determinations were made. All the reports produced by the system databases (billing and inventory) were provided and explained to the OSC audit team.

In summary, we disagree with the ratings for inventory of extensions, blocking area codes and security over access. We agree on the lack of written procedures, use of monitoring reports, use of PIN numbers and collecting non-state costs.

SUNY College at New Paltz Comments

Written Procedures

We disagree that SUNY New Paltz does not have written procedures. The Faculty and Staff

Directory, which is issued annually at the beginning of the fall semester, contains the following paragraphs on the first page.

> "Business and Personal Calls
>
> All telephone calls which are necessary to accomplish your job or professional activities are business calls. A call to home to indicate that you must work late because of unscheduled overtime or unanticipated need is a business call.
>
> Any other call, local or long distance, is a personal call. Included are calls related to family or friends, day care, personal banking, investment counseling, medical or dental appointments, or home services, such as electricians, plumbers, or carpenters.
>
> If you make personal calls, you must obtain a Personal Billing Number (PBN) from the Telecommunications Office, HAB 40. This seven digit code ensures that you will receive a separate bill each month for your personal calls. They will not appear on the departmental telephone bill.
>
> The PBN may be used from any campus telephone except emergency telephones. The cost per call is less than using a credit card or coin telephone."

In addition, we insert a reminder each month with every departmental extension telephone bill. For example, the April 1, 1996 bill insert was:

> "If you make personal calls, you must obtain a Personal Billing Number (PBN) from Telecommunications. All calls necessary to accomplish your job or professional activities are business calls. A call home to indicate that you must work late because of unscheduled overtime is a business call.
>
> Any other local or long distance call is a personal call. Included are calls made to family or friends, day care providers, or for personal banking, investment counseling, medical or dental appointments, etc. We bill over $1,000 a month in personal calls to faculty and staff."

Blocking Area Codes

We currently block all calls to 900 numbers and all incoming collect or third party calls. We do not block calls to the 809 (Caribbean) area code. This could be considered discriminatory. We do monitor calls to all area codes and are confident we are able to detect possible abuse.

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Use of PIN Numbers

All emergency telephones are restricted to on-campus calling only. All telephones in public areas are restricted, but a faculty or staff member may make local or long distance calls if he or she uses a PIN number.

Collecting Non-State Cost

Although efforts to collect non-State costs can always be improved, we believe that SUNY New Paltz is making every reasonable effort. For the period January - December 1995, for example, we billed over $21,200 to faculty and staff for personal calls or an average of over $1,700 per month.

State University of New York at Stony Brook Comments

Telephone Extension Inventory

The Comptroller's observation concerning our telephone extension inventory is the result of a timing difference between the time period covered by the audit and the date that the audit work was performed. Our extension inventory is updated on an ongoing basis in two ways:

- We periodically query our PBX to identify all extensions, and;
- We update the inventory on a daily basis when calls are identified with an extension not listed in the database.

Blocking of High-Risk Area Codes

System-wide blocking of international area codes, as suggested in the audit, is not feasible for two reasons; first, many of our students come from outside the United States (including the Caribbean) and therefore need the capability to make international calls. Second, as a research university many of our faculty and staff also require this capability to perform their jobs.

System-wide blocking of this capability is not the only way to achieve the objective of controlling access and limiting exposure to inappropriate use of international calling. In fact, we implemented the following controls to compensate for this:

- Administrative Telephones

Class of Service Control: We control international calling capabilities through classes of service rather than global blocking. Units and individuals who require this capability are granted it through their class of service; those who do not are blocked.

Use of Reports to Monitor Call Activity: The Comptroller's findings indicate that we make effective

use of reports for monitoring telephone activity. As part of its regular operations, our telecommunications office monitors the use of international calls by reviewing system reports detailing: call records from the 809 area code and all 900 calls.

- Resident Student Telephones

Use of Private Contractor: We have entered into a contract with a private company to administer our resident student telephone billing. The company grants international calling capability only to students who indicate a need for it. In addition, our contract with this company limits the University's exposure by making the company responsible for any unpaid student accounts receivable.

Use of PIN Codes

In our response to the Comptroller's preliminary findings, we questioned the feasibility or necessity of assigning PIN codes to each faculty/staff member. In particular we feel that secured offices reduce the need for such controls, that PIN Codes are not feasible for certain categories of employees and that, given the number of users and the size of our System, expanded use of these codes would overwhelm the capacity of our existing PBX.

As we upgrade our PBX, we are encouraging the selective use of PIN codes in high-risk locations and for classes of employees where we consider them to be a useful control mechanism.

Personal Phone Use

This campus makes reasonable efforts to comply with the requirements of Volume X1, Section 7.0300 of the New York State Accounting System User Procedure Manual that requires agencies to collect the amount of all toll charges for all personal long distance telephone calls.

We believe that the special code implemented to identify personal phone calls, the detailed billings provided to department heads, the monitoring of phone use by department heads and the payment mechanisms we have established constitute reasonable efforts to comply with this requirement and that additional efforts in this area are not likely to be cost beneficial. We will, however, reinforce the reimbursement requirement with employees.

The auditors noted one extension in the Hospital where calls were made at what they considered to be non-business hours and questioned whether they were related to hospital business. This was an isolated occurrence and department management has taken steps to secure the extension questioned.

Recommendations:

1. We believe that we have sufficient compensating controls in place to address the absence of the specific types of controls cited by the Comptroller.

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2. There were no such calls cited in the Comptroller's draft report that relate to Stony Brook.

State University of New York Health Science Center at Brooklyn Comments

Recommendation

1. The Health Science Center at Brooklyn agrees with the recommendation that the campus correct any actual control weaknesses but disagrees with the report's identification of such weaknesses as they occur at this campus. Two areas of disagreement exist:

   - Inventory of Extensions - All telephone extensions are reviewed periodically by both departmental and Telecommunications office personnel.

   - Use of PIN numbers - Some departments at the Health Science Center utilize PIN numbers. The Health Science Center is evaluating the use of PIN numbers in other departments.

State University of New York at Albany Comments

Use of Monitoring Reports

We agree in part. Of the reports produced by the State University Construction fund, some warrant review on a regular basis and others, because of their particular content, do not. We will undertake to review the relevant reports on a regular basis. Further, it should be noted that the new Telemanagement system which will be provided per the terms of the contract with our telecommunications vendor will allow the University to obtain a set of management reports explicitly tailored to our needs, and those reports, when they become available, will be regularly reviewed as an integral part of our system management routine.

Blocking Area Codes

The University at Albany has always allowed international calls to be made from any extensions having long distance calling capability. To date, that has not caused a problem of note. Furthermore, the number of classes of service available in the NEAX 2400 system is limited. Having considered the recommendation, the University has determined that blocking international calls or establishing a separate class of service is not warranted.

Use of PIN Numbers

The routine use of personal authorization codes for extensions that are fully charged to one account offers little practice value. These phones are in areas that are provided with administrative or staff

oversight and, like other assets, they are the responsibility of the respective department to protect from unauthorized use. Thus, the imposition of the use of authorization codes is unwarranted for those extensions.

For extensions having multiple funding sources, the use of authorization codes would facilitate the billing and rebilling of call charges to appropriate departmental accounts. For example, an extension from which calls are made that may be paid for by either a State account or a grant, the option to designate a call to be charged to one account or another - at the time of the call - would be a prime candidate for use of an authorization code. Toward this end we are actively evaluating the limited use of authorized codes.

Security Over Access

We disagree with the specific recommendation. The University has contracted with a vendor for the provision of communication services to the resident student population, as well as the operational maintenance of the telephone systems. By design, the University's telephone system provides for remote monitoring. The contract stipulates:

> "It is essential that the University and the organization maintaining the telephone system(s) have the capability to test all portions of the system(s) quickly and easily. This capability shall be used to provide quality assurance, help in preventive maintenance, trouble shooting circuit availability verification, and record keeping."

Blockage of the remote ports as recommended in the audit report would be contrary to the explicit intent of the contract. Not only would it prohibit the vendor's ability to provide the level of services required, but would also deprive the University effective and timely management of the system. On the other hand, the enhanced use of callback modems is in the interest of the University at Albany and as such was established as a requirement of the contract. Accordingly, we are actively engaged in oversight of the installation of callback modems. Thus when combined (passwords with multiple callback modems) a significant level of security is achieved.

Collecting Non-State Costs

The University at Albany has had a written policy governing the use of telephone equipment for a number of years. We will, however, reiterate and disseminate the University's policy on use of telephone equipment with greater frequency than has heretofore been the case.

We agree that employees should reimburse the State for personal phone calls, and that is indeed the policy of the University. As noted above, we will periodically remind department managers of their responsibility to oversee and manage the use of telephones assigned to their departments and their responsibility to ensure that the cost of personal phone calls be reimbursed to the State.

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